



2017/18 TO 2019/20

MEDIUM TERM REVENUE AND EXPENDITURE FORECASTS

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1.1 EXECUTIVE SUMMARY

PURPOSE:

To present the 2017/18 Annual Budget together with Medium Term Revenue and Expenditure Framework (MTREF) to council for consideration.

BACKGROUND:

The Local Government Municipal Finance Management Act, No. 56 of 2003 (MFMA), has section 16 on annual budgets which requires council of a municipality to approve for each financial year an annual budget before the start of that financial year, and that the mayor of the municipality must table the annual budget at a council meeting at least 90 days before the start of the budget year, i.e. on or before 31 May of every financial year.

Guidelines and principles used for the compilation of the 2017/18 MTREF

- The 2016/17 Adjustment Budget priorities and targets which were informed by actual financial and non-financial performance for the semester to the end 31 December 2016;
- Gazetted DoRA allocations for the 2017/18 MTREF;
- National Treasury's MFMA Circulars 85 and 86;
- Headline Inflation Forecasts;
- In some instances municipality took the following macro-economic forecasts into consideration when preparing the 2017/18 budget and MTREF as per both MFMA Circulars 85 and 86 of National Treasury:

Fiscal Year	2017	2018	2019	2020
CPI Inflation	6.4 %	6.4%	5.7%	5.6%

- In addition, our municipality carefully considered the affordability of tariff increases, especially as it relates to domestic consumers while considering the level of services versus the associated cost. This will be discussed further in Tariff Modelling.

Challenges experienced in compiling the 2017/18 MTREF:

- The national and local economy challenges;
- Infrastructural backlogs;
- The deteriorating state of municipal cash receipts and resources make it difficult to reprioritise projects and expenditure in entirety;
- Year-on-year wage increases;
- Reliance on state grants and subsidies to fund both operations and capital projects;
- Expenditure that is in excess of revenue;
- The Disclaimer of audit opinion;
- Poverty and unemployment which sees more households not being able to afford municipal services thereby seeking indigent subsidies;
- Increasing inflation rates.

In light of the afore-mentioned, the table below gives an overview of the consolidated 2017/18 Medium Term Revenue and Expenditure Framework:

Table 1 : Consolidated 2017/18 MTREF

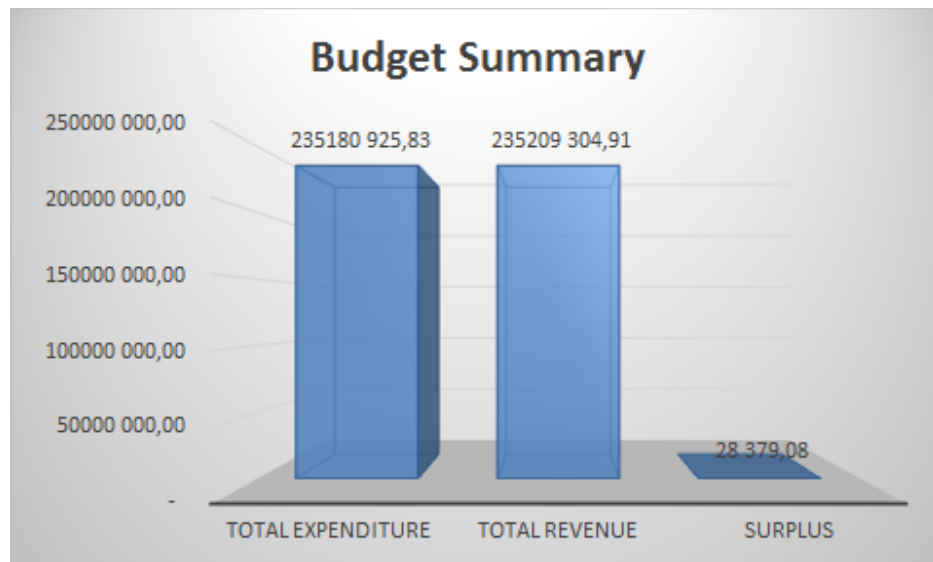
FS205 Mafube - Table A1 Budget Summary

Description	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousands										
Financial Performance										
Property rates	19 474	21 153	22 693	27 149	27 149	27 149	-	28 805	30 562	32 426
Service charges	48 866	61 462	65 139	53 782	53 782	53 782	-	57 062	60 543	64 236
Investment revenue	188	91	236	613	613	613	-	214	227	241
Transfers recognised - operational	75 524	83 705	86 949	81 524	81 524	81 524	-	83 172	90 157	95 121
Other own revenue	13 705	22 921	30 158	32 725	32 725	32 725	-	33 876	35 835	37 992
Total Revenue (excluding capital transfers and contributions)	157 758	189 332	205 175	195 793	195 793	195 793	-	203 129	217 325	230 017
Employee costs	77 963	73 311	77 102	87 530	87 530	87 530	-	85 791	86 649	87 515
Remuneration of councillors	5 235	4 946	5 614	5 926	5 926	5 926	-	5 985	6 045	6 106
Depreciation & asset impairment	137 283	37 286	38 259	1 500	1 500	1 500	-	3 000	3 183	3 183
Finance charges	7 850	12 102	21 271	3 211	3 211	3 211	-	3 298	3 499	3 713
Materials and bulk purchases	27 715	23 769	45 946	6 000	6 000	6 000	-	6 000	8 122	11 416
Transfers and grants	6 747	3 548	9 595	5 253	5 253	5 253	-	10 000	10 610	11 257
Other expenditure	75 126	109 240	70 104	76 840	76 840	76 840	-	83 304	90 250	97 684
Total Expenditure	337 919	264 202	267 891	186 259	186 259	186 259	-	197 378	208 358	220 874
Surplus/(Deficit)	(180 161)	(74 870)	(62 716)	9 534	9 534	9 534	-	5 751	8 967	9 143
Transfers recognised - capital	21 319	18 508	12 636	32 422	32 422	32 422	-	32 080	30 874	37 037
Contributions recognised - capital & contributed	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	(158 842)	(56 362)	(50 080)	41 956	41 956	41 956	-	37 831	39 841	46 180
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	(158 842)	(56 362)	(50 080)	41 956	41 956	41 956	-	37 831	39 841	46 180
Capital expenditure & funds sources										
Capital expenditure	25 642	14 083	9 032	41 932	41 932	41 932	-	37 803	39 642	46 050
Transfers recognised - capital	23 342	12 657	8 052	31 942	31 942	31 942	-	32 080	30 874	37 037
Public contributions & donations	-	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-	-
Internally generated funds	2 300	1 426	980	9 990	9 990	9 990	-	5 723	8 768	9 013
Total sources of capital funds	25 642	14 083	9 032	41 932	41 932	41 932	-	37 803	39 642	46 050
Financial position										
Total current assets	43 748	76 349	144 434	76 349	74 316	74 316	11 439	75 616	75 616	75 616
Total non current assets	1 207 543	172 952	106 481	180 710	180 710	1 099 119	(50)	1 099 119	1 099 119	1 099 119
Total current liabilities	218 513	295 214	376 465	60 347	60 347	60 347	(10 712)	60 347	60 347	60 347
Total non current liabilities	25 836	25 534	24 897	16 192	16 192	16 192	153	16 192	16 192	16 192
Community wealth/Equity	1 006 942	532 427	490 671	1 098 928	1 096 895	1 096 895	21 948	1 098 195	1 098 195	1 098 195
Cash flows										
Net cash from (used) operating	35 847	28 437	188	12 376	41 833	41 833	(96 233)	42 731	45 040	51 502
Net cash from (used) investing	(29 397)	(23 343)	(87)	(41 932)	(41 932)	(41 932)	96 534	(37 803)	(39 642)	(46 050)
Net cash from (used) financing	(5 569)	(3 145)	(529)	-	300	300	(150)	-	-	-
Cash/cash equivalents at the year end	3 581	2 013	192	(29 556)	202	202	240	4 928	10 326	15 778
Cash backing/surplus reconciliation										
Cash and investments available	96	620	635	620	620	620	4 506	(150)	(150)	(150)
Application of cash and investments	199 925	263 458	264 828	21 343	3 123	3 123	(10 641)	1 840	1 839	1 826
Balance - surplus (shortfall)	(199 830)	(262 839)	(264 193)	(20 723)	(2 503)	(2 503)	15 147	(1 990)	(1 989)	(1 976)
Asset management										
Asset register summary (WDV)	191 624	74 353	73 604	1 151 955	1 151 955	54 662	1 151 955	1 151 955	1 151 955	1 151 955
Depreciation & asset impairment	137 283	37 286	38 259	1 500	1 500	1 500	3 000	3 000	3 183	3 183
Renewal of Existing Assets	-	-	-	2 327	2 327	2 327	2 327	7 224	1 074	-
Repairs and Maintenance	11 207	32 876	-	13 885	13 885	13 885	18 241	18 241	20 718	23 951
Free services										
Cost of Free Basic Services provided	-	-	-	17	17	17	19	19	20	20
Revenue cost of free services provided	-	-	-	-	-	-	-	-	-	-
Households below minimum service level										
Water:	-	-	1	1	1	1	1	1	1	1
Sanitation/sewerage:	-	-	-	-	-	-	-	-	-	-
Energy:	-	-	3	1	1	1	2	2	2	2
Refuse:	-	-	4	6	4	4	5	5	5	5

The table depicted above gives a summary of the whole municipal budget with a projected revenue amounting to R 235 209 304.91 and expenditure which totals

R 235 180 925.83 this leaves the municipality with an estimated surplus of R 28 379.08

This is illustrated in the figure below:



1.2 OPERATING REVENUE FRAMEWORK

The projected total revenue equals R 235 209 304.91 compared to the total revenue from the draft budget which was R 233 614 994.60 which has resulted in a increase amounting to R1 594 310.31.

We have had to adjust our revenue projections upwards. This has resulted in service charges projections being increased from R 53 781 740.46 to R 57 062 426.63.

1. Grants and subsidies

FS205 Mafube - Supporting Table SA18 Transfers and grant receipts

Description		Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
R thousand			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
RECEIPTS:		1, 2									
Operating Transfers and Grants											
National Government:			70 986	80 412	82 392	81 524	81 524	-	83 172	90 157	95 121
Local Government Equitable Share			67 799	76 678	78 587	77 214	77 214		78 462	86 124	92 261
Finance Management			1 650	1 800	1 875	2 010	2 010		2 345	2 600	2 860
Municipal Systems Improvement			890	934	930	1 300	1 300		1 365	1 433	-
EPWP Incentive			647	1 000	1 000	1 000	1 000		1 000	-	-
Other transfers/grants [insert description]											
Provincial Government:			4 539	3 000	5 200	-	6 000	-	-	-	-
Treasury and Cooperative Governance and T			4 539	3 000	5 200	-	6 000	-	-	-	-
Other transfers/grants [insert description]											
District Municipality:			1 477	-	-	-	-	-	-	-	-
fezile Dabi District Municipality			1 477								
Other grant providers:			-	-	-	-	-	-	-	-	-
[insert description]											
Total Operating Transfers and Grants		5	77 001	83 412	87 592	81 524	87 524	-	83 172	90 157	95 121
Capital Transfers and Grants											
National Government:			14 947	-	-	32 422	32 422	-	32 080	30 874	37 037
Municipal Infrastructure Grant (MIG)			14 947			21 422	21 422		27 080	23 874	25 037
Energy Efficiency Demand Management Grant						5 000	5 000				
Integrated National Electrification Grant						6 000	6 000		5 000	7 000	12 000
Provincial Government:			-	-	-	-	-	-	-	-	-
Other capital transfers/grants [insert description]											
District Municipality:			-	-	-	-	-	-	-	-	-
fezile Dabi District Municipality											
Other grant providers:			-	-	-	-	-	-	-	-	-
[insert description]											
Total Capital Transfers and Grants		5	14 947	-	-	32 422	32 422	-	32 080	30 874	37 037
TOTAL RECEIPTS OF TRANSFERS & GRANTS			91 948	83 412	87 592	113 946	119 946	-	115 252	121 031	132 158

Our operating grants decreased from R 87 524 000.00 for 16/17 to

R 83 172 000.00 for 17/18 due to the R 6 000 000.00 that was received from CoGTA in respect of maintenance services that were performed for sewerage services for which there is no indication of recurrence in the 17/18 budget period.

There was a further downward adjustment of R 5 000 000.00 on capital grants from R 32 422 000 to R 32 080 000.00, this is in respect of the Energy Efficiency Grant which, in terms of the DoRA Bill will not be transferred for the next 3 financial years. Despite this, the Municipal Infrastructure Grant was increased by R 5 658 000.00 for the 17/18.

2. Other Revenue

There was a slight decrease in the amount projected for fines due to the traffic fines being administered under provincial government, the R 75 000.00 projected for 17/18 is a provision for delayed receipts and transfers to the municipality.

The table below gives an overview of operating revenue as stated above:

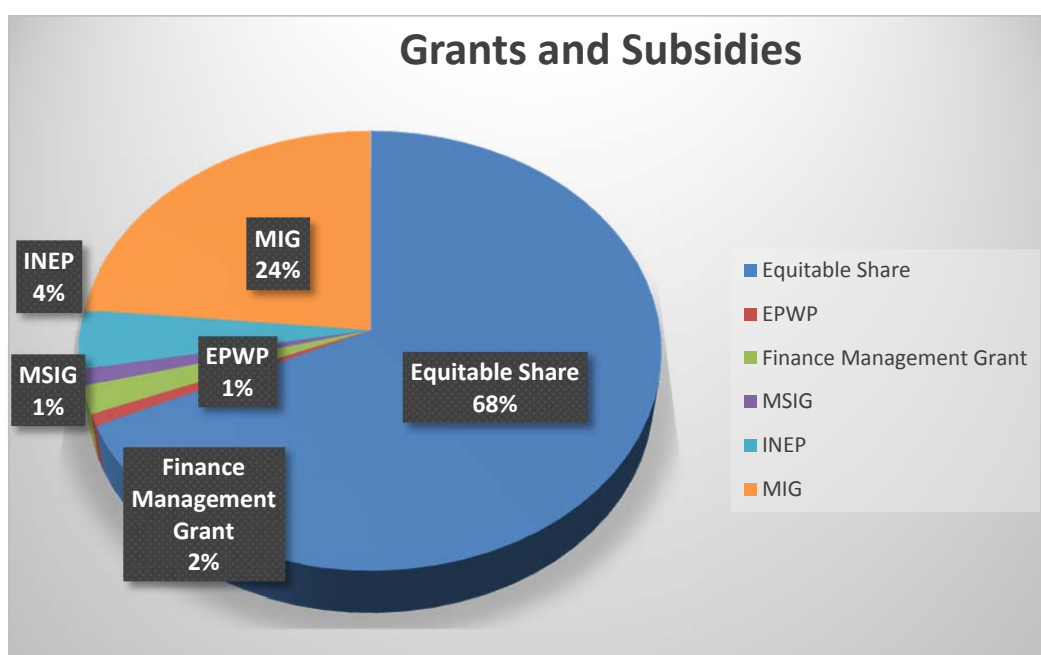
In terms of the Division of Revenue Bill for 17/18, we have been allocated a total of R 115 252 000.00 in respect of grants and subsidies, this amount includes both operating and capital grants. Capital grants amount to R 32 080 000.00 while operating grants add up to R 83 172 000.00.

The conditional operating grants are to be utilised for the purpose of capacity building which will assist in enhancing our institutional development by means of updated and improved systems, qualified personnel and skills development. These include the Financial Management Grant, Municipal Systems Improvement Grants as well as the Expanded Public Works Programme (EPWP). Notably, EPWP is a labour intensive programme that is aimed at contributing towards curbing the plight of unemployment in our communities ,through this initiative, rigorous training and skills transfer takes

place subsequent to which incumbents would have been transformed into skilled labour.

Equitable Share is the only operating grant with no conditions attached to it as it is aimed at lending assistance to the day-to-day operations of the municipality, however, the municipality is expected to dedicate a portion of this grant to subsidisation of indigents and R 10 000 000.00 has been allocated. Attention should also be drawn to the fact that the municipality intends reducing the trade and receivables book by means of irrecoverable debt write-offs specifically in relation to indigent debtors, an item has been prepared to this effect.

All capital grants that have been allocated to the municipality are conditional and are geared towards alleviation of basic services and infrastructure backlogs. These have been determined as per the Division of Revenue Act.



Equitable Share, which is our main source of revenue in terms of grants and subsidies, constitutes 68%. The amount allocated for the Municipal Infrastructure

Grant constitutes 24% of the total grants with INEP at 4% respectively. The FMG 2%, MSIG 1% and EPWP all range from 1%.

Our municipal revenue strategy is based on the following:

- National Treasury's guidelines and macroeconomic policy;
- Growth in the municipality and continued economic development;
- Attempt to fully recover the costs associated with user charges;
- Determining a suitable tariff escalation rate by establishing each service's revenue requirement;
- Rates and Tariff Policies;
- Indigent Policies;

The table below gives a summary of the 2017/18 MTREF, classified by the main revenue source:

FS205 Mafube - Table A4 Budgeted Financial Performance (revenue and expenditure)

3205 marubee - Table A4 Budgeted Financial Performance (revenue and expenditure)												
Description		Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
R thousand		1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Revenue By Source												
Property rates	2		19 474	21 153	22 693	27 149	27 149	27 149	-	28 805	30 562	32 426
Property rates - penalties & collection charges												
Service charges - electricity revenue	2		(102)	(0)	(1)	-	-	-	-	-	-	-
Service charges - water revenue	2		18 518	31 294	33 859	23 099	23 099	23 099	-	24 508	26 003	27 589
Service charges - sanitation revenue	2		15 313	16 696	17 306	17 776	17 776	17 776	-	18 860	20 011	21 232
Service charges - refuse revenue	2		13 862	12 125	12 583	12 907	12 907	12 907	-	13 694	14 529	15 416
Service charges - other			1 275	1 346	1 392	-	-	-	-	-	-	-
Rental of facilities and equipment			543	435	136	291	291	291	-	309	328	348
Interest earned - external investments			188	91	236	613	613	613	-	214	227	241
Interest earned - outstanding debtors			12 876	19 584	25 817	25 861	25 861	25 861	-	27 413	29 058	30 801
Dividends received			-	-	-	3 342	3 342	3 342	-	3 546	3 762	3 992
Fines			74	120	76	750	750	750	-	75	-	-
Licences and permits			-	-	-	-	-	-	-	-	-	-
Agency services			-	-	-	-	-	-	-	-	-	-
Transfers recognised - operational			75 524	83 705	86 949	81 524	81 524	81 524	-	83 172	90 157	95 121
Other revenue	2		213	2 783	4 148	2 480	2 480	2 480	-	2 532	2 687	2 851
Gains on disposal of PPE			-	-	(20)	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)			157 758	189 332	205 175	195 793	195 793	195 793	-	203 129	217 325	230 017
Expenditure By Type												
Employee related costs	2		77 963	73 311	77 102	87 530	87 530	87 530	-	85 791	86 649	87 515
Remuneration of councillors			5 235	4 946	5 614	5 926	5 926	5 926	-	5 985	6 045	6 106
Debt impairment	3		37 976	44 882	6 569	1 900	1 900	1 900	-	1 900	2 016	2 139
Depreciation & asset impairment	2		137 283	37 286	38 259	1 500	1 500	1 500	-	3 000	3 183	3 183
Finance charges			7 850	12 102	21 271	3 211	3 211	3 211	-	3 298	3 499	3 713
Bulk purchases	2		27 715	23 769	45 946	6 000	6 000	6 000	-	6 000	8 122	11 416
Other materials	8		-	-	-	-	-	-	-	-	-	-
Contracted services			-	-	-	-	-	-	-	-	-	-
Transfers and grants			6 747	3 548	9 595	5 253	5 253	5 253	-	10 000	10 610	11 257
Other expenditure	4, 5		37 150	64 349	63 534	74 940	74 940	74 940	-	81 404	88 234	95 545
Loss on disposal of PPE			-	9	-	-	-	-	-	-	-	-
Total Expenditure			337 919	264 202	267 891	186 259	186 259	186 259	-	197 378	208 358	220 874
Surplus/(Deficit)			(180 161)	(74 870)	(62 716)	9 534	9 534	9 534	-	5 751	8 967	9 143
Transfers recognised - capital			21 319	18 508	12 636	32 422	32 422	32 422	-	32 080	30 874	37 037
Contributions recognised - capital	6		-	-	-	-	-	-	-	-	-	-
Contributed assets			-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions			(158 842)	(56 362)	(50 080)	41 956	41 956	41 956	-	37 831	39 841	46 180
Taxation			-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after taxation			(158 842)	(56 362)	(50 080)	41 956	41 956	41 956	-	37 831	39 841	46 180
Attributable to minorities			-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) attributable to municipality			(158 842)	(56 362)	(50 080)	41 956	41 956	41 956	-	37 831	39 841	46 180
Share of surplus/ (deficit) of associate	7		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year			(158 842)	(56 362)	(50 080)	41 956	41 956	41 956	-	37 831	39 841	46 180

As can be seen in the figure above, a larger portion of our anticipated revenue will be in the form of operating grants which amount to R 83 172 000.00, with service charges generating 24% of overall revenue budget. Property rates are expected to generate 12%. Capital grants will be R 32 080 000.00 out of the R 235 209 304.91 that is expected. Rental income, royalties and other revenue will range from just above 1%.

Our own operating revenue is made up of revenue derived from supply of basic services, property rates, traffic fines, interest earned and sundry income. A 6% increase that is in line with the guidelines of the MFMA Circular 68 has been applied on the revenue budget.

TARIFF MODELLING

This is one of the most challenging and strategic part of the compilation of any budget and calculation thereof requires consideration of local economic conditions, input costs and affordability of services for consumers.

National Treasury guidelines encourage municipalities to keep rate and tariffs affordable but cost reflective at the same time. The municipality struggles to keep the balance as in most cases, some households are unable to afford services and means that the cost-reflective method makes it more difficult for them since it escalates tariffs to more than 100%.

In a quest to formulate our tariffs in a way that neither compromises affordability of services rendered nor cost recovery, we attempted exercising the costs recovery which proved to be quite a daunting option to implement in that we would attempt to recover the cost of providing a service, however, on the other hand, we run the risk of losing loyal paying customers due to high tariffs as they would even exceed the recommended 6% increment.

The municipality is currently providing services at a loss and is really putting in an effort to implement initiatives that would lure consumers into making payment of services habitual.

The cost-reflective methodology would mean that we either break-even or operate at a surplus which would be a boost for municipal operations.

Below is a table that demonstrates the difference between tariffs formulated using both 6% increment and the cost-recovery methods, the exercise was attempted for the 16/17 financial period:

	Cost-recovery	6% increment
Refuse	79.25	83.36
Water (Per Kilolitre)	14.10	7.56
Sewerage	76.66	105.42
Property rates	0.0016253674	0.0079835781

As depicted above, the cost-recovery method was either too expensive for customers to afford or too low which would result in losses for the municipality.

For 17/18 financial period, the municipality used a methodology that is a combination of the CPI incremental percentage plus a 2% portion of cost-recovery. This is as a result of the municipality having taken a resolution to gradually add the portion over the financial years until such time that our tariffs are fully cost-reflective and enable us to fully recover the cost of providing these services. Furthermore, this will enable our consumers to constantly adapt and familiarise themselves with the increase in tariffs so as to not discourage them from paying for their services instead of the municipality having to impose full cost-recovery tariffs at once.

FS205 Mafube - Supporting Table SA14 Household bills

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework			
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18 % incr.	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Rand/cent											
Monthly Account for Household - 'Middle Income Range'	1										
Rates and services charges:											
Property rates		466,40	513,04	559,21	620,72	620,72	620,72	6,0%	657,97	697,45	739,30
Electricity: Basic levy											
Electricity: Consumption											
Water: Basic levy		25,41	26,45	28,04	29,99	29,99	29,99	6,0%	31,79	33,70	35,73
Water: Consumption		175,63	187,92	199,20	211,15	211,15	211,15	6,0%	223,82	237,25	251,49
Sanitation		77,22	81,85	86,76	91,97	91,97	91,97	6,0%	97,49	103,34	109,54
Refuse removal		71,28	75,56	80,09	84,10	84,10	84,10	6,0%	89,15	94,50	100,17
Other											
sub-total		815,94	884,82	953,30	1 037,93	1 037,93	1 037,93	6,0%	1 100,22	1 166,24	1 236,23
VAT on Services											
Total large household bill:		815,94	884,82	953,30	1 037,93	1 037,93	1 037,93	6,0%	1 100,22	1 166,24	1 236,23
% increase/-decrease			8,4%	7,7%	8,9%	-	-		6,0%	6,0%	6,0%
Monthly Account for Household - 'Affordable Range'	2										
Rates and services charges:											
Property rates		46,64	51,30	51,30	55,92	55,92	55,92	6,0%	59,28	62,84	66,61
Electricity: Basic levy											
Electricity: Consumption											
Water: Basic levy		25,41	26,45	28,04	29,99	29,99	29,99	6,0%	31,79	33,70	35,73
Water: Consumption		139,04	148,77	148,77	157,70	157,70	157,70	6,0%	167,17	177,20	187,84
Sanitation		77,22	81,85	86,76	91,97	91,97	91,97	6,0%	97,49	103,34	109,54
Refuse removal		71,28	75,56	80,09	84,10	84,10	84,10	6,0%	89,15	94,50	100,17
Other											
sub-total		359,59	383,93	394,96	419,68	419,68	419,68	6,0%	444,88	471,58	499,89
VAT on Services											
Total small household bill:		359,59	383,93	394,96	419,68	419,68	419,68	6,0%	444,88	471,58	499,89
% increase/-decrease			6,8%	2,9%	6,3%	-	-		6,0%	6,0%	6,0%
Monthly Account for Household - 'Indigent' Household receiving free basic services	3										
Rates and services charges:											
Property rates											
Electricity: Basic levy											
Electricity: Consumption											
Water: Basic levy		25,41	26,45	28,04	29,99	29,99	29,99	6,0%	31,79	33,70	35,73
Water: Consumption											
Sanitation		77,22	81,85	86,76	91,97	91,97	91,97	6,0%	97,49	103,34	109,54
Refuse removal		71,28	75,56	80,09	84,10	84,10	84,10	6,0%	89,15	94,50	100,17
Other											
sub-total		173,91	183,86	194,89	206,06	206,06	206,06	6,0%	218,43	231,54	245,44
VAT on Services											
Total small household bill:		173,91	183,86	194,89	206,06	206,06	206,06	6,0%	218,43	231,54	245,44
% increase/-decrease			5,7%	6,0%	5,7%	-	-		6,0%	6,0%	6,0%

1.3 OPERATING EXPENDITURE FRAMEWORK

The municipal expenditure framework for the 2017/18 budget and MTREF is informed by the following factors:

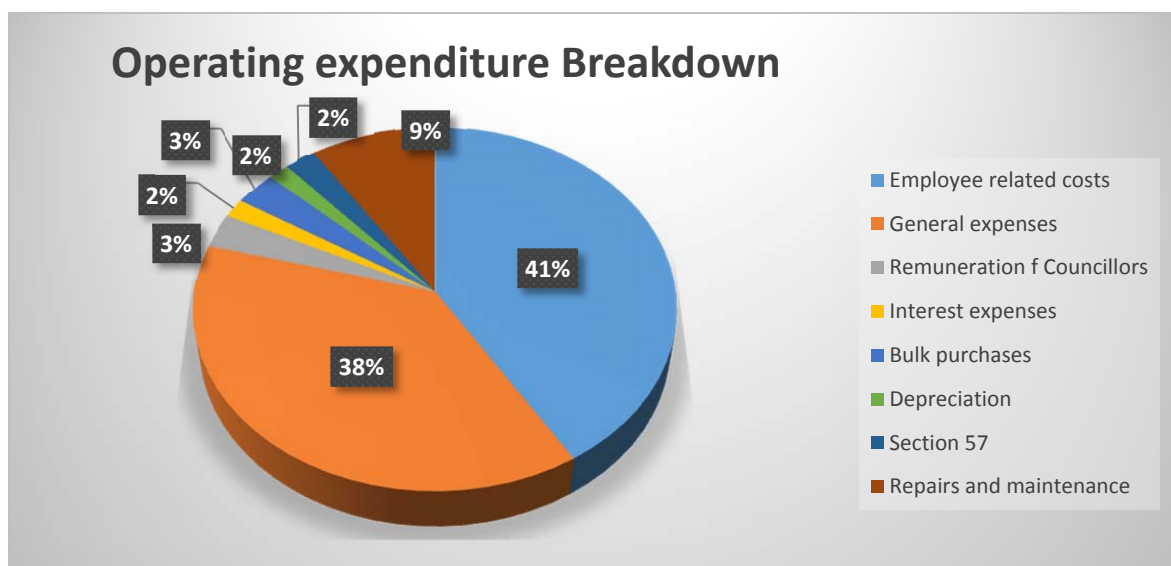
- Balanced budget constraint (operating expenditure should not exceed operating revenue) unless there are existing uncommitted cash-backed reserves to fund any deficit;
- Funding of the budget over the medium-term as informed by Section 18 and 19 of the MFMA;
- The capital programme is informed by backlog eradication;
-

Our overall expenditure amounts to R 235 180 925.83 from the year's R 233 593 325.97 which is a R1 587 599.83 increase. The figure is informed by the following:

- **Employee related costs** were decreased from R 94 651 719.95 to R 91 775 879.01 which is informed by measures that are still being implemented with regards to reducing the escalating costs. Measures that are being put in place are as follows:
 - Eliminating vacant positions;
 - Performing placements in junior positions instead of making new appointments;
 - Offering early retirement and / or early retirement options to some of our employees;
 - Cost containment measures for overtime and stand-by allowances.
- **General expenses**
These costs were adjusted upwards from R 65 846 345.02 in 2016/17 to R 75 063 719.91 for the 17/18 financial period.
- **Bulk purchases**
These were increased from R 4 000 000.00 to R 6 000 000.00.

- **Interest expense** has had increase of R 1 005 054.00 from R 3 211 126.00 to R 3 298 072.00
- **Repairs and maintenance**
This spending item was reduced from R 20 272 500.00 to R 18 240 254.91 which constitutes a difference amounting to R 2 032 245.09.00.
- A small provision of R 3 000 000.00 in respect of **depreciation**.

As can be seen in the figure provided below, our employee related costs remain a larger portion of funds shed by the municipality, with 41% of our budget dedicated thereto. Expenses incurred in the municipality's day-to-day operations of service delivery are at 38%. Councillor allowance and Section 57 salaries amount to 2% and remuneration of Councillors 3%. The remaining 2% will be incurred on bulk purchases, interest expense and the non-cash item which is depreciation.



1.4 CAPITAL EXPENDITURE

Our capital budget comprises R 5 723 000.00 whose portion will be funded from Equitable Share in respect of the implementation of mSCOA while R 32 080 000.00 will be grant-funded.

Expenditure that is to be incurred from own funds includes the supply of high mast lights in the township, acquisition of service delivery vehicles, construction of municipal facilities as well as intangibles.

Below is a table which outlines capital expenditure to be financed from own funds:

FS205 Mafube - Table A5 Budgeted Capital Expenditure by vote, standard classification and funding

Vote Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand	1										
Capital expenditure - Vote											
Multi-year expenditure to be appropriated	2										
Vote 1 - OFFICE OF THE MAYOR		-	-	-	-	-	-	-	-	-	-
Vote 2 - OFFICE OF THE SPEAKER		-	-	-	-	-	-	-	-	-	-
Vote 3 - OFFICE OF THE MUNICIPAL MANAGER		-	-	-	-	-	-	-	-	-	-
Vote 4 - COMMUNITY SERVICES		-	-	-	-	-	-	-	-	-	-
Vote 5 - CORPORATE SERVICES		-	-	-	-	-	-	-	-	-	-
Vote 6 - FINANCIAL SERVICES		-	-	-	-	-	-	-	-	-	-
Vote 7 - INFRASTRUCTURE SERVICES		-	-	-	-	-	-	-	-	-	-
Vote 8 - SERVICE DELIVERY AND PUBLIC SAFETY		-	-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	7	-	-	-	-	-	-	-	-	-	-
Single-year expenditure to be appropriated	2										
Vote 1 - OFFICE OF THE MAYOR		-	-	-	-	-	-	-	-	-	-
Vote 2 - OFFICE OF THE SPEAKER		-	-	-	-	-	-	-	-	-	-
Vote 3 - OFFICE OF THE MUNICIPAL MANAGER		-	13 293	8 810	1 700	3 320	-	-	2 200	2 334	2 477
Vote 4 - COMMUNITY SERVICES		1 528	789	222	4 527	5 131	-	-	7 624	1 499	1 577
Vote 5 - CORPORATE SERVICES		103	-	-	2 390	1 890	-	-	1 373	2 745	2 820
Vote 6 - FINANCIAL SERVICES		-	-	-	200	500	-	-	250	265	265
Vote 7 - INFRASTRUCTURE SERVICES		24 011	-	-	33 115	31 271	-	-	26 356	29 842	37 454
Vote 8 - SERVICE DELIVERY AND PUBLIC SAFETY		-	-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total		25 642	14 083	9 032	41 932	42 112	-	-	37 803	36 684	44 593
Total Capital Expenditure - Vote		25 642	14 083	9 032	41 932	42 112	-	-	37 803	36 684	44 593
Capital Expenditure - Standard											
Governance and administration		103	13 293	8 810	4 290	4 290	4 290	-	3 823	5 344	5 562
Executive and council		-	13 293	8 810	1 700	1 700	1 700	-	2 200	2 334	2 477
Budget and treasury office		-	-	-	200	200	200	-	250	265	265
Corporate services		103	-	-	2 390	2 390	2 390	-	1 373	2 745	2 820
Community and public safety		1 528	789	222	4 527	4 527	4 527	-	7 624	1 499	1 577
Community and social services		1 528	789	222	2 200	2 200	2 200	-	400	424	450
Sport and recreation		-	-	-	2 327	2 327	2 327	-	7 224	1 074	1 127
Public safety		-	-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-
Economic and environmental services		-	-	-	-	-	-	-	-	2 958	1 456
Planning and development		-	-	-	-	-	-	-	-	-	-
Road transport		-	-	-	-	-	-	-	-	2 958	1 456
Environmental protection		-	-	-	-	-	-	-	-	-	-
Trading services		-	-	-	33 024	33 024	33 024	-	25 002	28 648	36 202
Electricity		-	-	-	14 000	14 000	14 000	-	6 500	10 000	15 000
Water		-	-	-	2 251	2 251	2 251	-	18 502	18 648	21 202
Waste water management		-	-	-	16 773	16 773	16 773	-	-	-	-
Waste management		-	-	-	-	-	-	-	-	-	-
Other		24 011	-	-	91	91	91	-	1 354	1 194	1 252
Total Capital Expenditure - Standard	3	25 642	14 083	9 032	41 932	41 932	41 932	-	37 803	39 642	46 050
Funded by:											
National Government		-	12 657	8 052	31 942	31 942	31 942	-	32 080	30 874	37 037
Provincial Government		23 342	-	-	-	-	-	-	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-	-
Other transfers and grants		-	-	-	-	-	-	-	-	-	-
Transfers recognised - capital	4	23 342	12 657	8 052	31 942	31 942	31 942	-	32 080	30 874	37 037
Public contributions & donations	5	-	-	-	-	-	-	-	-	-	-
Borrowing	6	-	-	-	-	-	-	-	-	-	-
Internally generated funds		2 300	1 426	980	9 990	9 990	9 990	-	5 723	8 768	9 013
Total Capital Funding	7	25 642	14 083	9 032	41 932	41 932	41 932	-	37 803	39 642	46 050

1.5 ANNUAL BUDGET TABLES

FS205 Mafube - Table A1 Budget Summary

Description	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousands										
Financial Performance										
Property rates	19 474	21 153	22 693	27 149	27 149	27 149	-	28 805	30 562	32 426
Service charges	48 866	61 462	65 139	53 782	53 782	53 782	-	57 062	60 543	64 236
Investment revenue	188	91	236	613	613	613	-	214	227	241
Transfers recognised - operational	75 524	83 705	86 949	81 524	81 524	81 524	-	83 172	90 157	95 121
Other own revenue	13 705	22 921	30 158	32 725	32 725	32 725	-	33 876	35 835	37 992
Total Revenue (excluding capital transfers and contributions)	157 758	189 332	205 175	195 793	195 793	195 793	-	203 129	217 325	230 017
Employee costs	77 963	73 311	77 102	87 530	87 530	87 530	-	85 791	86 649	87 515
Remuneration of councillors	5 235	4 946	5 614	5 926	5 926	5 926	-	5 985	6 045	6 106
Depreciation & asset impairment	137 283	37 286	38 259	1 500	1 500	1 500	-	3 000	3 183	3 183
Finance charges	7 850	12 102	21 271	3 211	3 211	3 211	-	3 298	3 499	3 713
Materials and bulk purchases	27 715	23 769	45 946	6 000	6 000	6 000	-	6 000	8 122	11 416
Transfers and grants	6 747	3 548	9 595	5 253	5 253	5 253	-	10 000	10 610	11 257
Other expenditure	75 126	109 240	70 104	76 840	76 840	76 840	-	83 304	90 250	97 684
Total Expenditure	337 919	264 202	267 891	186 259	186 259	186 259	-	197 378	208 358	220 874
Surplus/(Deficit)	(180 161)	(74 870)	(62 716)	9 534	9 534	9 534	-	5 751	8 967	9 143
Transfers recognised - capital	21 319	18 508	12 636	32 422	32 422	32 422	-	32 080	30 874	37 037
Contributions recognised - capital & contributed	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	(158 842)	(56 362)	(50 080)	41 956	41 956	41 956	-	37 831	39 841	46 180
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	(158 842)	(56 362)	(50 080)	41 956	41 956	41 956	-	37 831	39 841	46 180
Capital expenditure & funds sources										
Capital expenditure	25 642	14 083	9 032	41 932	41 932	41 932	-	37 803	39 642	46 050
Transfers recognised - capital	23 342	12 657	8 052	31 942	31 942	31 942	-	32 080	30 874	37 037
Public contributions & donations	-	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-	-
Internally generated funds	2 300	1 426	980	9 990	9 990	9 990	-	5 723	8 768	9 013
Total sources of capital funds	25 642	14 083	9 032	41 932	41 932	41 932	-	37 803	39 642	46 050
Financial position										
Total current assets	43 748	76 349	144 434	76 349	74 316	74 316	11 439	75 616	75 616	75 616
Total non current assets	1 207 543	172 952	106 481	180 710	180 710	1 099 119	(50)	1 099 119	1 099 119	1 099 119
Total current liabilities	218 313	295 214	376 465	60 347	60 347	60 347	(10 712)	60 347	60 347	60 347
Total non current liabilities	25 836	25 534	24 897	16 192	16 192	16 192	153	16 192	16 192	16 192
Community wealth/Equity	1 006 942	532 427	490 671	1 098 928	1 096 895	1 096 895	21 948	1 098 195	1 098 195	1 098 195
Cash flows										
Net cash from (used) operating	35 847	28 437	188	12 376	41 833	41 833	(96 233)	42 731	45 040	51 502
Net cash from (used) investing	(29 397)	(23 343)	(87)	(41 932)	(41 932)	(41 932)	96 534	(37 803)	(39 642)	(46 050)
Net cash from (used) financing	(5 569)	(3 145)	(529)	-	300	300	(150)	-	-	-
Cash/cash equivalents at the year end	3 581	2 013	192	(29 556)	202	202	240	4 928	10 326	15 778
Cash backing/surplus reconciliation										
Cash and investments available	96	620	635	620	620	620	4 506	(150)	(150)	(150)
Application of cash and investments	199 925	263 458	264 828	21 343	3 123	3 123	(10 641)	1 840	1 839	1 826
Balance - surplus (shortfall)	(199 830)	(262 839)	(264 193)	(20 723)	(2 503)	(2 503)	15 147	(1 990)	(1 989)	(1 976)
Asset management										
Asset register summary (WDV)	191 624	74 353	73 604	1 151 955	1 151 955	54 662	1 151 955	1 151 955	1 151 955	1 151 955
Depreciation & asset impairment	137 283	37 286	38 259	1 500	1 500	1 500	3 000	3 000	3 183	3 183
Renewal of Existing Assets	-	-	-	2 327	2 327	2 327	2 327	7 224	1 074	-
Repairs and Maintenance	11 207	32 876	-	13 885	13 885	13 885	18 241	18 241	20 718	23 951
Free services										
Cost of Free Basic Services provided	-	-	-	17	17	17	19	19	20	20
Revenue cost of free services provided	-	-	-	-	-	-	-	-	-	-
Households below minimum service level										
Water:	-	-	1	1	1	1	1	1	1	1
Sanitation/sewerage:	-	-	-	-	-	-	-	-	-	-
Energy:	-	-	3	1	1	1	2	2	2	2
Refuse:	-	-	4	6	4	4	5	5	5	5

This table sums up all the tables and provides an overview of our municipal budget as divided into different financial divisions, thereby giving an overview of the municipality's financial position and performance.

MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

FS205 Mafube - Table A2 Budgeted Financial Performance (revenue and expenditure by standard classification)

Standard Classification Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand	1									
Revenue - Standard										
<i>Governance and administration</i>		110 167	128 964	141 428	142 011	147 411	-	146 067	156 781	165 781
Executive and council		-	-	-	-	-	-	-	-	-
Budget and treasury office		110 167	128 964	141 428	142 011	147 411	-	146 067	156 781	165 781
Corporate services		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		-	689	-	-	-	-	-	-	-
Community and social services		-	689	-	-	-	-	-	-	-
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		-	145	-	-	-	-	-	-	-
Planning and development		-	135	-	-	-	-	-	-	-
Road transport		-	10	-	-	-	-	-	-	-
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		53 963	79 443	76 383	64 782	64 782	-	62 062	67 543	76 236
Electricity		6 270	7 404	9 368	11 000	11 000	-	5 000	7 000	12 000
Water		18 518	43 217	37 126	23 099	23 099	-	24 508	26 003	27 589
Waste water management		15 313	16 696	17 306	17 776	17 776	-	18 860	20 011	21 232
Waste management		13 862	12 125	12 583	12 907	12 907	-	13 694	14 529	15 416
<i>Other</i>	4	14 947	-	-	21 422	21 422	-	27 080	23 874	25 037
Total Revenue - Standard	2	179 077	209 241	217 811	228 215	233 615	-	235 209	248 199	267 054
Expenditure - Standard										
<i>Governance and administration</i>		292 257	236 363	212 236	134 780	132 567	-	142 898	148 665	153 869
Executive and council		8 534	58 411	44 321	72 116	66 525	-	65 891	67 455	68 881
Budget and treasury office		198 189	99 589	82 118	29 196	27 446	-	34 649	36 342	37 940
Corporate services		85 535	78 362	85 798	33 469	38 596	-	42 358	44 868	47 048
<i>Community and public safety</i>		17	756	6 818	13 853	12 588	-	13 503	13 912	14 342
Community and social services		-	735	6 818	13 853	12 588	-	13 503	13 912	14 342
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		17	22	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		-	-	-	4 636	4 724	-	5 312	6 671	8 984
Planning and development		-	-	-	-	-	-	-	-	-
Road transport		-	-	-	4 636	4 724	-	5 312	6 671	8 984
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		29 906	27 083	48 837	32 010	35 854	-	34 428	37 860	42 402
Electricity		17 200	6 729	10 962	7 495	5 724	-	7 705	9 885	11 937
Water		12 706	20 354	37 875	24 515	30 130	-	26 722	27 975	30 464
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		-	-	-	-	-	-	-	-	-
<i>Other</i>	4	15 738	-	-	980	5 749	-	1 238	1 250	1 277
Total Expenditure - Standard	3	337 919	264 202	267 891	186 259	191 482	-	197 378	208 358	220 874
Surplus/(Deficit) for the year		(158 842)	(54 961)	(50 080)	41 956	42 133	-	37 831	39 841	46 180

Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

FS205 Mafube - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand										
Revenue by Vote	1									
Vote 1 - OFFICE OF THE MAYOR		-	-	-	-	-	-	-	-	-
Vote 2 - OFFICE OF THE SPEAKER		-	-	-	-	-	-	-	-	-
Vote 3 - OFFICE OF THE MUNICIPAL MANAGER		-	135	-	-	-	-	-	-	-
Vote 4 - COMMUNITY SERVICES		13 862	12 814	12 583	12 907	12 907	-	13 694	14 529	15 416
Vote 5 - CORPORATE SERVICES		-	-	-	-	-	-	-	-	-
Vote 6 - FINANCIAL SERVICES		110 167	128 964	141 428	142 011	147 411	-	146 067	156 781	165 781
Vote 7 - INFRASTRUCTURE SERVICES		55 048	67 328	63 799	73 297	73 297	-	75 448	76 888	85 858
Vote 8 - SERVICE DELIVERY AND PUBLIC SAFETY		-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
Total Revenue by Vote	2	179 077	209 241	217 811	228 215	233 615	-	235 209	248 199	267 054
Expenditure by Vote to be appropriated	1									
Vote 1 - OFFICE OF THE MAYOR		8 851	7 339	9 853	10 956	7 665	-	7 135	7 469	7 822
Vote 2 - OFFICE OF THE SPEAKER		-	-	-	11 208	10 469	-	10 319	10 508	10 704
Vote 3 - OFFICE OF THE MUNICIPAL MANAGER		2 836	51 072	34 468	49 952	48 391	-	48 437	49 479	50 355
Vote 4 - COMMUNITY SERVICES		13 862	735	6 818	13 853	12 588	-	13 503	13 912	14 342
Vote 5 - CORPORATE SERVICES		77 188	78 362	85 798	33 469	38 596	-	42 358	44 868	47 048
Vote 6 - FINANCIAL SERVICES		181 114	99 589	82 118	29 196	27 446	-	34 649	36 342	37 940
Vote 7 - INFRASTRUCTURE SERVICES		45 644	27 083	48 837	37 626	46 327	-	40 978	45 781	52 929
Vote 8 - SERVICE DELIVERY AND PUBLIC SAFETY		17	22	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
Total Expenditure by Vote	2	329 512	264 202	267 891	186 259	191 482	-	197 378	208 358	221 139
Surplus/(Deficit) for the year	2	(150 435)	(54 961)	(50 080)	41 956	42 133	-	37 831	39 841	45 915

Table A4 - Budgeted Financial Performance (revenue and expenditure)

FS205 Mafube - Table A4 Budgeted Financial Performance (revenue and expenditure)

0299 marabou - Table A4 Budgeted Financial Performance (revenue and expenditure)											
Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Revenue By Source											
Property rates	2	19 474	21 153	22 693	27 149	27 149	27 149	-	28 805	30 562	32 426
Property rates - penalties & collection charges											
Service charges - electricity revenue	2	(102)	(0)	(1)	-	-	-	-	-	-	-
Service charges - water revenue	2	18 518	31 294	33 859	23 099	23 099	23 099	-	24 508	26 003	27 589
Service charges - sanitation revenue	2	15 313	16 696	17 306	17 776	17 776	17 776	-	18 860	20 011	21 232
Service charges - refuse revenue	2	13 862	12 125	12 583	12 907	12 907	12 907	-	13 694	14 529	15 416
Service charges - other		1 275	1 346	1 392		-					
Rental of facilities and equipment		543	435	136	291	291	291		309	328	348
Interest earned - external investments		188	91	236	613	613	613		214	227	241
Interest earned - outstanding debtors		12 876	19 584	25 817	25 861	25 861	25 861		27 413	29 058	30 801
Dividends received		-	-	-	3 342	3 342	3 342		3 546	3 762	3 992
Fines		74	120	76	750	750	750		75	-	-
Licences and permits			-	-		-					
Agency services											
Transfers recognised - operational		75 524	83 705	86 949	81 524	81 524	81 524		83 172	90 157	95 121
Other revenue	2	213	2 783	4 148	2 480	2 480	2 480	-	2 532	2 687	2 851
Gains on disposal of PPE		-	-	(20)	-	-	-				
Total Revenue (excluding capital transfers and contributions)		157 758	189 332	205 175	195 793	195 793	195 793	-	203 129	217 325	230 017
Expenditure By Type											
Employee related costs	2	77 963	73 311	77 102	87 530	87 530	87 530	-	85 791	86 649	87 515
Remuneration of councillors		5 235	4 946	5 614	5 926	5 926	5 926		5 985	6 045	6 106
Debt impairment	3	37 976	44 882	6 569	1 900	1 900	1 900		1 900	2 016	2 139
Depreciation & asset impairment	2	137 283	37 286	38 259	1 500	1 500	1 500	-	3 000	3 183	3 183
Finance charges		7 850	12 102	21 271	3 211	3 211	3 211		3 298	3 499	3 713
Bulk purchases	2	27 715	23 769	45 946	6 000	6 000	6 000	-	6 000	8 122	11 416
Other materials	8										
Contracted services		-	-	-	-	-	-	-	-	-	-
Transfers and grants		6 747	3 548	9 595	5 253	5 253	5 253	-	10 000	10 610	11 257
Other expenditure	4, 5	37 150	64 349	63 534	74 940	74 940	74 940	-	81 404	88 234	95 545
Loss on disposal of PPE		-	9	-	-	-	-				
Total Expenditure		337 919	264 202	267 891	186 259	186 259	186 259	-	197 378	208 358	220 874
Surplus/(Deficit)		(180 161)	(74 870)	(62 716)	9 534	9 534	9 534	-	5 751	8 967	9 143
Transfers recognised - capital		21 319	18 508	12 636	32 422	32 422	32 422		32 080	30 874	37 037
Contributions recognised - capital	6	-	-	-	-	-	-	-	-	-	-
Contributed assets											
Surplus/(Deficit) after capital transfers & contributions		(158 842)	(56 362)	(50 080)	41 956	41 956	41 956	-	37 831	39 841	46 180
Taxation											
Surplus/(Deficit) after taxation		(158 842)	(56 362)	(50 080)	41 956	41 956	41 956	-	37 831	39 841	46 180
Attributable to minorities											
Surplus/(Deficit) attributable to municipality		(158 842)	(56 362)	(50 080)	41 956	41 956	41 956	-	37 831	39 841	46 180
Share of surplus/ (deficit) of associate	7										
Surplus/(Deficit) for the year		(158 842)	(56 362)	(50 080)	41 956	41 956	41 956	-	37 831	39 841	46 180

MBRR Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

FS205 Mafube - Table A5 Budgeted Capital Expenditure by vote, standard classification and funding

Vote Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand	1										
Capital expenditure - Vote											
Multi-year expenditure to be appropriated	2										
Vote 1 - OFFICE OF THE MAYOR		-	-	-	-	-	-	-	-	-	-
Vote 2 - OFFICE OF THE SPEAKER		-	-	-	-	-	-	-	-	-	-
Vote 3 - OFFICE OF THE MUNICIPAL MANAGER		-	-	-	-	-	-	-	-	-	-
Vote 4 - COMMUNITY SERVICES		-	-	-	-	-	-	-	-	-	-
Vote 5 - CORPORATE SERVICES		-	-	-	-	-	-	-	-	-	-
Vote 6 - FINANCIAL SERVICES		-	-	-	-	-	-	-	-	-	-
Vote 7 - INFRASTRUCTURE SERVICES		-	-	-	-	-	-	-	-	-	-
Vote 8 - SERVICE DELIVERY AND PUBLIC SAFETY		-	-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	7	-	-	-	-	-	-	-	-	-	-
Single-year expenditure to be appropriated	2										
Vote 1 - OFFICE OF THE MAYOR		-	-	-	-	-	-	-	-	-	-
Vote 2 - OFFICE OF THE SPEAKER		-	-	-	-	-	-	-	-	-	-
Vote 3 - OFFICE OF THE MUNICIPAL MANAGER		-	13 293	8 810	1 700	3 320	-	-	2 200	2 334	2 477
Vote 4 - COMMUNITY SERVICES		1 528	789	222	4 527	5 131	-	-	7 624	1 499	1 577
Vote 5 - CORPORATE SERVICES		103	-	-	2 390	1 890	-	-	1 373	2 745	2 820
Vote 6 - FINANCIAL SERVICES		-	-	-	200	500	-	-	250	265	265
Vote 7 - INFRASTRUCTURE SERVICES		24 011	-	-	33 115	31 271	-	-	26 356	29 842	37 454
Vote 8 - SERVICE DELIVERY AND PUBLIC SAFETY		-	-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total		25 642	14 083	9 032	41 932	42 112	-	-	37 803	36 684	44 593
Total Capital Expenditure - Vote		25 642	14 083	9 032	41 932	42 112	-	-	37 803	36 684	44 593
Capital Expenditure - Standard											
Governance and administration		103	13 293	8 810	4 290	4 290	4 290	-	3 823	5 344	5 562
Executive and council		-	13 293	8 810	1 700	1 700	1 700	-	2 200	2 334	2 477
Budget and treasury office		-	-	-	200	200	200	-	250	265	265
Corporate services		103	-	-	2 390	2 390	2 390	-	1 373	2 745	2 820
Community and public safety		1 528	789	222	4 527	4 527	4 527	-	7 624	1 499	1 577
Community and social services		1 528	789	222	2 200	2 200	2 200	-	400	424	450
Sport and recreation		-	-	-	2 327	2 327	2 327	-	7 224	1 074	1 127
Public safety		-	-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-
Economic and environmental services		-	-	-	-	-	-	-	-	2 958	1 456
Planning and development		-	-	-	-	-	-	-	-	-	-
Road transport		-	-	-	-	-	-	-	-	2 958	1 456
Environmental protection		-	-	-	-	-	-	-	-	-	-
Trading services		-	-	-	33 024	33 024	33 024	-	25 002	28 648	36 202
Electricity		-	-	-	14 000	14 000	14 000	-	6 500	10 000	15 000
Water		-	-	-	2 251	2 251	2 251	-	18 502	18 648	21 202
Waste water management		-	-	-	16 773	16 773	16 773	-	-	-	-
Waste management		-	-	-	-	-	-	-	-	-	-
Other		24 011	-	-	91	91	91	-	1 354	1 194	1 252
Total Capital Expenditure - Standard	3	25 642	14 083	9 032	41 932	41 932	41 932	-	37 803	39 642	46 050
Funded by:											
National Government		-	12 657	8 052	31 942	31 942	31 942	-	32 080	30 874	37 037
Provincial Government		23 342	-	-	-	-	-	-	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-	-
Other transfers and grants		-	-	-	-	-	-	-	-	-	-
Transfers recognised - capital	4	23 342	12 657	8 052	31 942	31 942	31 942	-	32 080	30 874	37 037
Public contributions & donations	5	-	-	-	-	-	-	-	-	-	-
Borrowing	6	-	-	-	-	-	-	-	-	-	-
Internally generated funds		2 300	1 426	980	9 990	9 990	9 990	-	5 723	8 768	9 013
Total Capital Funding	7	25 642	14 083	9 032	41 932	41 932	41 932	-	37 803	39 642	46 050

MBRR Table A6 - Budgeted Financial Position

FS205 Mafube - Table A6 Budgeted Financial Position

Description		Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
R thousand			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
ASSETS												
Current assets												
Cash			64	591	87	29	29	29	4 506	29	29	29
Call investment deposits	1		31	29	548	591	591	591	-	591	591	591
Consumer debtors	1		35 927	63 955	120 617	63 955	61 922	61 922	7 018	63 222	63 222	63 222
Other debtors			7 355	11 283	22 713	11 283	11 283	11 283	(3)	11 283	11 283	11 283
Current portion of long-term receivables				41	73	41	41	41	-	41	41	41
Inventory	2		371	450	395	450	450	450	(82)	450	450	450
Total current assets			43 748	76 349	144 434	76 349	74 316	74 316	11 439	75 616	75 616	75 616
Non current assets												
Long-term receivables												
Investments					-							
Investment property			53 891	73 290	72 907	52 836	52 836	52 836	(50)	52 836	52 836	52 836
Investment in Associate												
Property, plant and equipment	3		1 153 361	98 235	32 494	125 719	125 719	1 044 128	-	1 044 128	1 044 128	1 044 128
Agricultural												
Biological												
Intangible			(33)	1 063	697	1 826	1 826	1 826		1 826	1 826	1 826
Other non-current assets			324	364	383	329	329	329		329	329	329
Total non current assets			1 207 543	172 952	106 481	180 710	180 710	1 099 119	(50)	1 099 119	1 099 119	1 099 119
TOTAL ASSETS			1 251 291	249 301	250 916	257 059	255 026	1 173 434	11 389	1 174 734	1 174 734	1 174 734
LIABILITIES												
Current liabilities												
Bank overdraft	1		-	-	-	-	-	-		770	770	770
Borrowing	4		1 132	810	264	810	810	810	-	810	810	810
Consumer deposits			787	819	846	770	770	770				
Trade and other payables	4		216 593	293 585	375 355	58 768	58 768	58 768	(10 641)	58 768	58 768	58 768
Provisions									(71)			
Total current liabilities			218 513	295 214	376 465	60 347	60 347	60 347	(10 712)	60 347	60 347	60 347
Non current liabilities												
Borrowing			2 190	1 317	765	2 507	2 507	2 507	153	2 507	2 507	2 507
Provisions			23 645	24 218	24 132	13 686	13 686	13 686	-	13 686	13 686	13 686
Total non current liabilities			25 836	25 534	24 897	16 192	16 192	16 192	153	16 192	16 192	16 192
TOTAL LIABILITIES			244 348	320 748	401 362	76 540	76 540	76 540	(10 559)	76 540	76 540	76 540
NET ASSETS			5	1 006 942	(71 448)	(150 446)	180 519	178 486	1 096 895	21 948	1 098 195	1 098 195
COMMUNITY WEALTH/EQUITY												
Accumulated Surplus/(Deficit)			1 006 942	532 427	490 671	1 098 928			21 948	1 098 195	1 098 195	1 098 195
Reserves	4		-	-	-	-	-	-	-	-	-	-
							1 096 895	1 096 895				
TOTAL COMMUNITY WEALTH/EQUITY			5	1 006 942	532 427	490 671	1 098 928	1 096 895	1 096 895	21 948	1 098 195	1 098 195

MBRR Table A7 - Budgeted Cash Flow Statement

FS205 Mafube - Table A7 Budgeted Cash Flows

Description		Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
R thousand			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
CASH FLOW FROM OPERATING ACTIVITIES												
Receipts												
Property rates, penalties & collection charges				21 153	22 693	27 149	27 149	27 149	7 484	28 805	30 562	32 426
Service charges			21 155	6 549	65 139	24 202	53 782	53 782	6 925	57 062	60 543	64 236
Other revenue			10 440	14 557	3 170	3 521	2 922	2 922	25 687	2 917	3 015	3 199
Government - operating		1	76 355	62 602	96 318	81 524	87 524	87 524	67 800	83 172	90 157	95 121
Government - capital		1	28 387	27 400	3 267	32 422	32 422	32 422	5 572	32 080	30 874	37 037
Interest			12 999	19 675	26 053	26 475	26 475	26 475		27 627	29 285	31 042
Dividends						3 342	3 342	3 342		3 546	3 762	3 992
Payments												
Suppliers and employees			(107 636)	(113 340)	(196 973)	(177 796)	(183 318)	(183 318)	(209 055)	(179 180)	(189 050)	(200 582)
Finance charges			(5 854)	(10 159)	(19 479)	(3 211)	(3 211)	(3 211)		(3 298)	(3 499)	(3 713)
Transfers and Grants		1				(5 253)	(5 253)	(5 253)	(646)	(10 000)	(10 610)	(11 257)
NET CASH FROM/(USED) OPERATING ACTIVITIES			35 847	28 437	188	12 376	41 833	41 833	(96 233)	42 731	45 040	51 502
CASH FLOWS FROM INVESTING ACTIVITIES												
Receipts												
Proceeds on disposal of PPE				(23)	(51)					-	-	-
Decrease (Increase) in non-current debtors										-	-	-
Decrease (increase) other non-current receivables										-	-	-
Decrease (increase) in non-current investments			63						96 534	-	-	-
Payments												
Capital assets			(29 459)	(23 320)	(36)	(41 932)	(41 932)	(41 932)		(37 803)	(39 642)	(46 050)
NET CASH FROM/(USED) INVESTING ACTIVITIES			(29 397)	(23 343)	(87)	(41 932)	(41 932)	(41 932)	96 534	(37 803)	(39 642)	(46 050)
CASH FLOWS FROM FINANCING ACTIVITIES												
Receipts												
Short term loans										-	-	-
Borrowing long term/refinancing										-	-	-
Increase (decrease) in consumer deposits										-	-	-
Payments												
Repayment of borrowing			(5 569)	(3 145)	(529)		300	300	(150)	-	-	-
NET CASH FROM/(USED) FINANCING ACTIVITIES			(5 569)	(3 145)	(529)	-	300	300	(150)	-	-	-
NET INCREASE/ (DECREASE) IN CASH HELD			882	1 948	(428)	(29 556)	202	202	151	4 928	5 397	5 453
Cash/cash equivalents at the year begin:		2	2 699	64	620				89	-	4 928	10 326
Cash/cash equivalents at the year end:		2	3 581	2 013	192	(29 556)	202	202	240	4 928	10 326	15 778

MBRR Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

FS205 Mafube - Table A8 Cash backed reserves/accumulated surplus reconciliation

F S205 Marube - Table A8 Cash backed reserves/accumulated surplus reconciliation												
Description		Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
R thousand			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<u>Cash and investments available</u>												
Cash/cash equivalents at the year end		1	3 581	2 013	192	(29 556)	202	202	240	4 928	10 326	15 778
Other current investments > 90 days			(3 485)	(1 393)	443	30 176	418	418	4 266	(5 078)	(10 475)	(15 928)
Non current assets - Investments		1	-	-	-	-	-	-	-	-	-	-
Cash and investments available:			96	620	635	620	620	620	4 506	(150)	(150)	(150)
<u>Application of cash and investments</u>												
Unspent conditional transfers			-	-	-	-	-	-	-	-	-	-
Unspent borrowing			-	-	-	-	-	-	-	-	-	-
Statutory requirements		2										
Other working capital requirements		3	199 925	263 458	264 828	21 343	3 123	3 123	(10 641)	1 840	1 839	1 826
Other provisions												
Long term investments committed		4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments		5										
Total Application of cash and investments:			199 925	263 458	264 828	21 343	3 123	3 123	(10 641)	1 840	1 839	1 826
Surplus(shortfall)			(199 830)	(262 839)	(264 193)	(20 723)	(2 503)	(2 503)	15 147	(1 990)	(1 989)	(1 976)

PART 2

2.1 OVERVIEW OF ANNUAL BUDGET PROCESS

The MFMA requires the mayor of a municipality to provide general political guidance over the budget process and the priorities that must guide the preparation of a budget. The new National Treasury Budget Regulations gives further effect to this by prescribing that the mayor of a municipality must establish a Budget Steering Committee to assist in discharging the mayor's responsibility' set out in section 53 of the Municipal Financial Management Act.

Local Government Legislation including Municipal Structures Act (117 of 1998), section 16 - 20 of Municipal Systems Act (32 of 2000) read along with section 151 of the Constitution of the Republic of South Africa provides for the establishment of the Local Government and the procedures followed in administering the municipalities from different spheres. Public and/or community participation provides for joint and informed decision making between the municipality in question and its communities in rendering services, communities are constantly consulted on council decisions impacting the provision of services by that municipality with regard but not limited to the IDP and Budget Consultations.

BUDGET PROCESS PLAN

Mafube Local Municipality		
2017/18 IDP and Budget Process Plan		
OBJECTIVE	RESPONSIBILITY	TARGET DATE
Preparations and Analysis: Review Provincial IDP assessment report, Compile IDP process plan & Budget time schedule	Municipal Manager and Directors	29 July 2016
Submission of the IDP and Budget Timeline to the Management Meeting	Municipal Manager	18 August 2016
Submit draft process plan and time schedule to EXCO for approval	Municipal Manager	23 August 2016
Submit final process plan and time schedule to Council for adoption	Mayor	31 August 2016
Submission of the IDP and Budget Process Plan to CoGTA and both Provincial and National Treasuries	Municipal Manager	14 September 2016
Perform situational analysis and assessment of the achievements of the previous IDP (2014/15), and tabulate the analysis report to the Steering committee	Political Office, Municipal Manager and Directors	01-30 September 2016
Conduct IDP public consultations in all nine wards, with all stakeholders	Political Office, Municipal Manager and Directors	01-28 October 2016
All directors to submit 3 year capital budget to CFO	Directors	17 October 2016
Meeting: IDP Steering committee and IDP Rep forum (To consider report on the review of the status quo and community needs)	Mayor, Municipal manager, Directors and Managers	27 October 2016
Municipal Strategic Planning session (To develop 5 year strategic plan)	Mayor, Municipal manager and Directors	31 October- 04 November 2016
<i>Submit 2016/17 First Quarter Performance Report to Council (Section 52 of MFMA)</i>	Mayor, Municipal manager	31 October 2016
Discussion meetings per Directorate on Capital Budget and alignment of IDP strategies and objectives	Directors	02 - 07 November 2016
Submit proposed Tariff increases to CFO	Directors	14 November 2016
Submit 3 year personnel budget to CFO	Political Offices, Municipal Manager and Directors	21 November 2016
Submit 3 year operating budget to CFO	Political Offices, Municipal Manager and Directors	28 November 2016
Alignment with NDP, FSGDS & MTSF and Integration of IDP and Budget programmes	Political Office, Municipal Manager and Directors	01-19 December 2016
Meeting to discuss Tariffs, Salaries and Operating Budget	Political Offices, Municipal Manager and Directors	11 - 16 January 2017
Submit mid-year budget and performance assessment report to the Mayor and Council (<i>Section 72 of MFMA</i>)	Municipal Manager	20 January 2017

Tabling of 2015/16 Annual Report in Council (<i>Section 127(2) of MFMA</i>)	Mayor	27 January 2017
Meeting: IDP Steering committee (to review progress to date)	Municipal Manager, directors and managers	30 January 2017
Compilation and finalisation of the IDP	Municipal Manager	31 January 2017
Budget Commission	Chief Financial Officer	06 February 2017
IDP and Budget Steering Committee meeting	Mayor, Municipal Manager and Directors	17 February 2017
Meetings: to present the Draft IDP to the IDP Steering committee and IDP Rep Forum	Mayor, Municipal Manager and Directors	22 February 2017
Tabling of Draft Budget in the Steering Committee	Mayor	07 - 10 March 2017
Council considers report of Oversight Committee on the 2015/16 Annual Report (<i>no later than 2 months after annual report was tabled – Section 129(1) of the MFMA</i>)	Chairperson of the oversight committee	15 March 2017
Tabling of the Draft 2017/18-2021/22 IDP and MTREF (<i>Section 16(2) of MFMA</i>)	Mayor	23 March 2017
2017/18-2021/22 Draft IDP and MTREF available to public for comments	Chief Financial Officer	04 April 2017
Budget Steering Committee meeting	Mayor, Municipal Manager and Directors	11 April 2017
Submit Draft MTREF and IDP to: National and Provincial Treasuries, Provincial CoGTA and FezileDabi District Municipality	Chief Financial Officer	06 April 2017
Conduct public hearings and community consultations on Draft IDP and Budget	Political Offices, Ward Councillors and Directors	18 - 27 April 2017
<i>Submit 2016/17 Third Quarter Performance Report to Council (Section 52 of MFMA)</i>	Mayor and Municipal Manager	30 April 2017
Responses to submissions made by the public and stakeholders	Mayor, Municipal Manager and Chief Financial Officer	04 May 2017
Finalization of IDP and MTREF	Director: Town Planning & Economic Development, CFO and Municipal Manager	5 - 18 May 2017
Council meeting to approve the 2016/17 IDP and MTREF	Mayor	25 May 2017
Submit the 2017/18 -2021/22 Service Delivery and Budget Implementation Plan (SDBIP) and Performance Agreements to the Mayor	Municipal Manager	08 June 2017
Submit approved 2017/18-2021/22 IDP and MTREF to National Treasury, Provincial Treasury and CoGTA	Chief Financial Officer	08 June 2017
Publish approved IDP and MTREF	Chief Financial Officer	08 June 2017
Approval of the 2017/18 SDBIP (<i>28 days after budget approval</i>)	Mayor	22 June 2017

OVERVIEW ON ALIGNMENT OF ANNUAL BUDGET WITH INTEGRATED DEVELOPMENT PLAN

Description	Ward	Amount
Upgrade of Sports Stadium	Ward 8	806 190,39
Upgrade of Sports Ground	Ward 1	4 424 515,00
Waste Water Treatment Plant	All Wards in Villiers	17 509 597,61
Upgrade of Khatholoha Sports Stadium	All Wards in Frankfort	1 993 365,33
Construction of 6,5 ML Reservoir	All Wards in Villiers	757 594,63
Project Management Unit	All Wards in Mafube	1 354 000,00
Electrification	All Wards in Mafube	5 000 000,00
Water Reticulation and Erf Installation	All Wards in Frankfort	234 737,04
Assets from Own Funding		
TOTAL		32 080 000,00

KPA's	MUNICIPAL	PROVINCIAL GROWTH AND DEVELOPMENT STRATEGY
1	Municipal Transformation and Institutional Development	Reduce poverty through human and social development
2	Financial Viability and Financial Management	Stimulate economic development
3	Basic Service Delivery and Infrastructure Investment	Ensure a safe and secure environment for all people of the province
4	Local Economic Development	Develop and enhance infrastructure for economic growth and social
5	Good Governance and Community Participation	Promote effective and efficient governance and administration

Table SA4 - Reconciliation between the IDP strategic objectives and budgeted revenue

FS205 Mafube - Supporting Table SA4 Reconciliation of IDP strategic objectives and budget (revenue)

Strategic Objective	Goal	Goal Code	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand												
Supply of water and sanitation	number of households have access to water and sanitation, this also enhances municipal revenue			32 083	47 990	51 165	40 875	40 875		43 368	46 014	48 821
Refuse removal	Refuse regularly collected, revenue enhancement			13 862	12 814	12 583	12 907	12 907		13 694	3 064	3 251
Property rates	optimum revenue collected			19 474	21 153	22 693	27 149	27 149		28 805	30 562	32 426
protection services	regulation of traffic and law enforcement around all mafube towns, additional sources of revenue			74								
Debt and revenue management	accurate recovery of revenue owing to municipality and optimum revenue collected											
Municipal operations and indigent registration	subsidisation of basic services for indigent residents and support of municipal operations for sustainable			67 799	87 145	92 468	114 862	120 262		78 462	86 124	92 261
Capacity Building	Development and improvement of municipal systems as well as personnel training and skills development			8 555						3 710	4 033	2 860
Electricity Supply	Number of households have access to electricity, this also enhances municipal revenue			(102)								
Revenue enhancement	Revenue generation through means other than provision of services			37 566	20 230	26 266				35 090	47 528	50 398
Infrastructural Management	Infrastructure development											
Allocations to other priorities			2									
Total Revenue (excluding capital transfers and contributions)			1	179 312	189 332	205 175	195 793	201 193	-	203 129	217 325	230 017

MBRR Table SA5 - Reconciliation between the IDP strategic objectives and budgeted operating expenditure

FS205 Mafube - Supporting Table SA5 Reconciliation of IDP strategic objectives and budget (operating expenditure)

Strategic Objective	Goal	Goal Code	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework			
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20	
R thousand													
Integrated Development Planning and Local Economic Development	Creation of a conducive environment for job creation and Economic development.			646									
Legislative compliance	Coordination and development of policies and by-laws												
Capacity building	Development and improvement of municipal systems as well as personnel			740			1 590	1 351		1 800	2 122	2 251	
Povision of free basic services	Subsidisation of basic services for indigent residents			6 747	3 548	9 595	5 253	5 253		10 000	10 610	11 257	
Acquisition, repairs and maintenance of municipal assets	Acquire, upgrade and maintain municipal property and infrastructure to ensure			134 294	70 163	62 514	13 885	20 273		18 240	20 718	23 950	
Community Based Planning	Training of municipal internal and external stakeholders as well as conducting social			1 018			9 650	8 050		5 200	5 517	5 854	
Financial reporting and compliance	Compilation of GRAP compliant financial statements and regulatory reporting			3 281			2 190	1 620		1 700	1 804	1 914	
communication, corporate and financial administration	Enhancement of communication with internal and external stakeholders as			55 887	13 006	22 173	9 800	9 350	-	4 250	4 509	4 784	
Protection Services	Ensure public safety and protection			64				250		250	265	281	
Spatial development and town planning	Planning and surveying of ervens									500	531	563	
Access to municipal services	Provision of municipal services to all households			27 715									
Service delivery	Funding municipal day-to-day operations to ensure sustained service delivery			82 104	146 908	135 231	143 892	145 336		155 438	162 282	170 018	
Allocations to other priorities													
Total Expenditure				1	312 497	233 625	229 513	186 259	191 482	-	197 378	208 358	220 874

Table SA7 - Reconciliation between the IDP strategic objectives and budgeted capital expenditure

FS205 Mafube - Supporting Table SA7 Measureable performance objectives

Description	Unit of measurement	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Vote 1 - vote name										
Function 1 - (name)										
Sub-function 1 - (name)										
Insert measure/s description										
Sub-function 2 - (name)										
Insert measure/s description										
Sub-function 3 - (name)										
Insert measure/s description										
Function 2 - (name)										
Sub-function 1 - (name)										
Insert measure/s description										
Sub-function 2 - (name)										
Insert measure/s description										
Sub-function 3 - (name)										
Insert measure/s description										
Vote 2 - vote name										
Function 1 - (name)										
Sub-function 1 - (name)										
Insert measure/s description										
Sub-function 2 - (name)										
Insert measure/s description										
Sub-function 3 - (name)										
Insert measure/s description										
Function 2 - (name)										
Sub-function 1 - (name)										
Insert measure/s description										
Sub-function 2 - (name)										
Insert measure/s description										
Sub-function 3 - (name)										
Insert measure/s description										
Vote 3 - vote name										
Function 1 - (name)										
Sub-function 1 - (name)										
Insert measure/s description										
Sub-function 2 - (name)										
Insert measure/s description										
Sub-function 3 - (name)										
Insert measure/s description										
Function 2 - (name)										
Sub-function 1 - (name)										
Insert measure/s description										
Sub-function 2 - (name)										
Insert measure/s description										
Sub-function 3 - (name)										
Insert measure/s description										
And so on for the rest of the Votes										

FS205 Mafube - Entities measureable performance objectives

Description	Unit of measurement	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Entity 1 - (name of entity)										
<i>Insert measure/s description</i>										
Entity 2 - (name of entity)										
<i>Insert measure/s description</i>										
Entity 3 - (name of entity)										
<i>Insert measure/s description</i>										
And so on for the rest of the Entities										

2.1 OVERVIEW OF REVIEWED BUDGET RELATED POLICIES

1. Supply Chain Management Policy

Changes were effected on Section 14 of the policy.

2. Standard Infrastructure Procurement and Delivery Management Policy

This is a new policy which is in relation with infrastructure procurement (mainly construction) and delivery management in accordance with the provisions of the regulatory frameworks for procurement and supply chain management but with exclusions. This policy seeks to bridge the gap between the supply chain management system for general goods and services and that for infrastructure delivery management

3. Budget Transfers and Virement Policy

No changes were effected to this policy

4. Indigent Policy

5. Banking and Investment Policy

6. Budget Transfers and Virement Policy

7. Credit Control and Debt Collection Policy

A model policy from CogTA was used to update the policy

8. Property Rates Policy

9. Tariff Policy

10. Cashiers' Cash Control Policy

11. Customer Care Policy

All the other revenue management policies were only reviewed without changes.

12. Creditors and Payments Policy

The policy previously stated that no cash cheques would be given to employees, this has since been deleted due to the fact that there are cheques that are being used for internal operational purpose.

Changes were also effected with regard to the dedicated payment days due to inability to stick to the days as specified and this caused non-compliance.

13. Petty Cash Policy

Changes effected on limits

- Frankfort : R 4 000.00
- Other units : R 5 000.00

Maximum amount allowed per transaction has been increase from R 200.00 to R 500.00 due to the recent challenges that were encountered with regard to medical aid expenses.

14. Subsistence and Travelling Policy

The changes made are in accordance with SARS provisions and are as follows:

- Meals were increased from R 232.00 to R 257.00.
- Incidental costs increased to R 122.00.

15. Inventory Management Policy

No changes were effected to this policy

16. Bad Debts Policy

No changes were effected on this policy.

2.1.1 2017/18 PROPOSED TARIFFS

TARIFFS, CHARGES AND FEES FOR 2017 / 2018					
cpi 6.79 march plus 2% cost					
1. PROPERTY RATES					
Description	2015/16 Zero rated	2016/17 Zero rated	2017/18 Zero rated	2017/18 Zero rated	%
					R
a) Residential property	0,00753168	0,007983581	0,008685338		8.79%
b) Business & industrial properties	0,0169156	0,017930536	0,01950663		8.79%
c) Government property	0,07183176	0,076141666	0,082834518		8.79%
d) Agricultural property	0,00062504	0,000662542	0,00072078		8.79%
Rebates & Subsidies:					
Pensioners earning between R 0.00 - R 3000.00	100%		100%		0.00%
Pensioners earning between R 3001.00 - R 7 000.00	50%		50%		0.00%
Pensioners earning between R 7 001.00 - R 10 000.00	20%		20%		0.00%
The value of rateable valuation rebate on households	50000		50000		
2. WATER					
Description	2015/16 Vat Excl.	2016/17 Vat Excl.	2017/18 Vat Excl.	2017/18 In Vat.	%
					R
a) Households:					
First 6kl	7,13	7,56	8,23	9,38	8.79%
Between 6 kl - 30 kl	7,26	7,70	8,37	9,55	8.79%
Between 31kl - 50 kl	9,14	9,69	10,54	12,01	8.79%
Between 51kl - 80 kl	11,06	11,72	12,75	14,53	8.79%
Above 81kl	14,67	15,55	16,92	19,29	8.79%
Basic charge	28,04	29,72	32,33	36,86	8.79%
Deposit	1 011,24	1 072,00	1 170,00		9.14%
Indigent Subsidy (Only 6kl)	7,13	7,56	8,23	9,38	8.79%
New Connections Fee: From 0 - 15 mm	985,61	1 044,75	1 136,58	1 295,70	8.79%
New Connections Fee: Greater than 15 mm (>15mm)	cost + 15%		cost + 15%		0.00%
Moving of meters	cost + 15%		cost + 15%		0.00%
Tempering fee	1 067,42	1 131,47	1 230,92	1 403,25	8.79%
Water tanker service (per load)	344,97	365,66	397,81	453,50	8.79%
b) Business and Government:					
First 6kl	10,45	11,08	12,05	13,74	8.79%
Between 6 kl - 30 kl	11,50	12,19	13,26	15,11	8.79%
Between 31kl - 50 kl	13,80	14,62	15,91	18,14	8.79%
Between 51kl - 80 kl	17,93	19,01	20,68	23,58	8.79%
Above 81kl	25,11	26,62	28,95	33,01	8.79%
Re-connection fees	413,96	438,80	477,37	544,20	8.79%
Basic charge	28,04	29,72	32,33	36,86	8.79%
Special tariff for bulk users	10,45	11,08	12,05	13,74	8.79%
Testing of meters - Refundable	413,96	438,80	477,37	544,20	8.79%
Water Deposit Business (Small/Medium)	2 014,00	2 135,00	2 320,00		8.67%
Water Deposit Business (Large)	12 402,00	13 150,00	14 300,00		8.75%
New Connections Fee: from 0 - 15 mm	985,61	1 044,75	1 136,58	1 295,70	8.79%
New Connections Fee: greater than 15 mm (>15mm)	cost + 15%		cost + 15%		0.00%
Moving of meters	cost + 15%		cost + 15%		0.00%
Tempering fee	1 067,42	1 131,47	1 230,92	1 403,25	8.79%
Water tanker service (per load)	344,97	365,66	397,81	453,50	8.79%

3. SEWERAGE					
Description	2015/16 Vat Excl.	2016/17 Vat Excl.	2017/18 Vat Excl.	2017/18 In Vat.	%
					R
a) Households:					
Charge per month	88,32	93,62	101,85	116,11	8.79%
Indigent Subsidy (people who earn R0 - R2500)	88,32	93,62	101,85	116,11	8.79%
b) Business and Government:					
Charge per month	111,36	118,05	128,42	146,40	8.79%
Bulk	1 009,09	1 069,64	1 163,66	1 326,57	8.79%
Stoppage Per hour	22,40	23,75	25,83	29,45	8.79%
Stoppage After hours	415,22	440,14	478,83	545,86	8.79%
Sewerage blockages on private property	415,22	440,14	478,83	545,86	8.79%
Sunction pump per load (Small)	185,64	196,78	214,07	244,04	8.79%
Suction pump - per load (Medium)	268,04	284,12	309,09	352,37	8.79%
Sunction pump per load (Large)	354,84	376,13	409,19	466,47	8.79%
New connections	938,57	994,88	1 082,33	1 233,86	8.79%
4. REFUSE					
Description	2015/16 Vat Excl.	2016/17 Vat Excl.	2017/18 Vat Excl.	2017/18 In Vat.	%
					R
a) Households	65,58	69,51	75,63	86,21	8.79%
b) Indigent Subsidy (people who earn R0 - R2500)	65,58	69,51	75,63	86,21	8.79%
c) Business & Government	98,99	104,93	114,16	130,14	8.79%
d) Garden refuse removal -per load	185,62	196,75	214,05	244,01	8.79%
e) Bulk	866,20	918,17	998,88	1 138,72	8.79%
f) Refuse bins (additional)	cost + 15%		cost + 15%		0.00%
g) Guest Houses	98,99	104,93	114,16	130,14	8.79%
5. CHURCHES					
Description	2015/16 Vat Excl.	2016/17 Vat Excl.	2017/18 Vat Excl.	2017/18 In Vat.	%
With Missions	163,77	173,60	188,86	215,30	8.79%
Without Missions and NGO's	54,59	57,87	62,95	71,77	8.79%
6. GENERAL - TARIFFS					
Description	2015/16 Vat Excl.	2016/17 Vat Excl.	2017/18 Vat Excl.	2017/18 In Vat.	%
Interest on arrears: Residents Accounts	Prime Plus 1%		Prime Plus 1%		Prime Plus 1%
Interest on arrears: Business Accounts	Prime Plus 1%		Prime Plus 1%		Prime Plus 1%
Interest on arrears: Government Accounts	Prime Plus 1%		Prime Plus 1%		Prime Plus 1%
R/D cheque fine (per transaction)	363,95	385,79	419,70	478,46	8.79%
Search Fee - per transaction / per property (Deed Search)	50,00	53,00	57,89	66,00	9.23%
Clearance Certificate - each	171,05	181,31	197,37	225,00	8.86%
Valuation Certificate - each	171,05	181,31	197,37	225,00	8.86%
Proof of residence		25,00	25,00	25,00	0.00%
Proof of residence (indigent)		10,00	10,00	10,00	0.00%
Sale of Tender Documents:					
Between R 30 000 - R 200 000	100,00	106,00	61,40	70,00	-42.08%
Between R200 000 - R499 999	447,71	474,57	175,44	200,00	-63.03%
Between R500 000 - R9 999 999	696,44	738,23	350,88	400,00	-52.47%

7. PLANNING, BUILDING AND GRAVEYARDS						
Description	2015/16 Vat Excl.	2016/17 Vat Excl.	2017/18 Vat Excl.	2017/18 In Vat.	%	
a) The Application fee for subdivisions, consolidations, rezoning and the placement of containers:						
Application for Subdivision per erf	149,23	158,19	172,09	196,19	8.79%	
Consolidation applications	149,23	158,19	172,09	196,19	8.79%	
Consent use		877,19	1 136,58	1 224,90	8.00%	
Rezoning applications	397,97	421,84	458,92	523,17	8.79%	
Containers per annum	686,49	727,68	791,64	902,47	8.79%	
Application for township establishment	2 586,77	2 741,97	2 982,99	3 400,61	8.79%	
Removal, amendment or suspension of restrictive title conditions		1 052,64	1 145,17	1 305,49	8.79%	
Zoning certificate		70,18	76,35	87,04	8.79%	
SG diagram		17,55	19,09	21,77	8.79%	
Appeal on land use application		2 631,58	2 862,90	3 263,70	8.79%	
b) The building plans and encroachment penalty fees:						
Households:						
Any new structure between Zero and less than 50m2	124,51	131,98	143,58	163,68	8.79%	
Thereafter - every 1m2 or part of it	5,26	5,58	6,07	6,92	8.79%	
When bigger than 800m2	6,52	6,91	7,52	8,57	8.79%	
Business:						
Any new structure between Zero and less than 50m2	220,28	233,49	254,02	289,58	8.79%	
Thereafter - every 1m2 or part of it	6,51	6,90	7,51	8,56	8.79%	
When bigger than 800m2	8,80	9,32	10,14	11,56	8.79%	
c) Advertising Signs:						
Super, large and small billboards and electronic sky, roof, flat, on premises business signs or service facility signs. Landscape advertisements, advertising on bridges, entries, boundary walls and fences construction sites. (per sign)	1 224,72	1 298,21	1 412,32	1 610,04	8.79%	
Development advertising signs	2 471,92	2 620,24	2 850,55	3 249,63	8.79%	
Business Project advertising signs (per year)	617,98	655,06	712,64	812,41	8.79%	
Posters and notices for auction sales (per event)	24,50	25,97	28,25	32,20	8.79%	
Temporary banners (per board)	387,64	410,90	447,02	509,60	8.79%	
In Town street advertising (per board)	387,64	410,90	447,02	509,60	8.79%	
Estate agent signs on pavement (per board per single site)	258,43	273,93	298,01	339,73	8.79%	
Business advertising boards (anywhere) in our jurisdiction	1 224,72	1 298,21	1 412,32	1 610,04	8.79%	
Description	2015/16 Vat Excl.	2016/17 Vat Excl.	2017/18 Vat Excl.	2017/18 In Vat.	%	
d) Building Material:						
Old/used per load (M ³)	299,56	317,53	345,44	393,80	8.79%	
Gravel:						
Delivered: per cub meter (M ³)		265,00	288,29	328,65	8.79%	
Self loading- per cub meter (M ³)		211,99	230,62	262,91	8.79%	
Business -per cub meter (M ³)		725,04	788,77	899,20	8.79%	

7. PLANNING, BUILDING AND GRAVEYARDS					
Description	2015/16 Vat Excl.	2016/17 Vat Excl.	2017/18 Vat Excl.	2017/18 In Vat.	%
e) Cleaning of Stands:					
Cleaning of stands on request p/hour	361,80	383,51	417,22	475,63	8.79%
f) Empty sites:					
Town	196,80	208,61	226,95	258,72	8.79%
Township	190,81	202,26	220,03	250,84	8.79%
g) Abbatoirs:					
Dung removal per load	1 067,42	1 131,47	1 230,92	1 403,25	8.79%
h) Cemeteries					
Residents : Namahadi, Qalabotjha, Mafahlaneng, Ntswanatsatsi					
Graves for immediate use					
Grave fees - living in Mafube					
Single	192,98	204,56	222,81	254,00	8.92%
Double	385,96	409,12	445,61	508,00	8.92%
8ft Double	276,32	292,90	319,30	364,00	9.01%
Children	135,96	144,12	157,02	179,00	8.95%
Grave Resealing (TLB)	268,42	284,53	309,65	353,00	8.83%
Residents : Frankfort, Villiers, Tweeling, Cornelia					
Graves for immediate use					
Grave fees - living in Mafube					
Single	675,44	715,97	778,95	888,00	8.80%
Double	1 350,88	1 431,93	1 557,89	1 776,00	8.80%
8ft Double	1 350,88	1 431,93	1 557,89	1 776,00	8.80%
Children	394,74	418,42	455,26	519,00	8.80%
Erection of a headstone/tombstone			256,00	291,84	
i) Exhumation of corpses					
Adults	1 100,88	1 166,93	1 269,51	1 447,24	8.79%
Children	557,02	590,44	642,34	732,27	8.79%
8. MUNICIPAL FACILITIES					
Description	2015/16 Vat Excl.	2016/17 Vat Excl.	2017/18 Vat Excl.	2017/18 In Vat.	%
a) Leasing of Flats/Houses No VAT on it:					
People over 60yrs (Tweeling)	568,50	602,61	655,58	747,36	8.79%
People under 60yrs (Tweeling)	1 253,70	1 328,92	1 445,73	1 648,14	8.79%
Leasing of Municipal Houses (Cornelia)	1 149,22	1 218,17	1 325,25	1 510,79	8.79%
b) Khatholoha, General Dlamini and Pinky Monaune Parks:					
Festivals - Tariff to be determined according to the nature and capacity of the event					
Closing parties / picnics (Groups of individuals)				850,00	
Weddings - Photo Shoot				350,00	
Weddings - Venue (For hosting)				3 000,00	
Music shows				2 176,00	
c) Grass Cutting:					
School sites- (Free once a year)	907,08	961,50	1 046,02	1 192,46	8.79%
Grass Cutting	361,80	383,51	417,22	475,63	8.79%
d) Plot leasing (per hactre)	250,00	265,00	288,29	328,65	8.79%
e) Auction Mart:					
Frankfort	1 166,00	1 235,96	1 344,60	1 532,85	8.79%
f) Impounding of Animals:					
All Mafube charges	141,93	150,45	163,67	186,59	8.79%

Description	2015/16 Vat Excl.	2016/17 Vat Excl.	2017/18 Vat Excl.	2017/18 In Vat.	%
h) Rentals: Halls - General Public					
Deposit (All halls except Frankfort & Villiers)	505,62	535,96	584,00		8.96%
Frankfort & Villiers Hall - Deposit	954,00	1 011,24	1 100,00		8.78%
Halls in Mafube - Hire (except Frankfort & Villiers)					
	492,82	522,38	568,42	648,00	8.81%
Frankfort & Villiers Hall - Hire	650,88	689,94	750,58	855,66	8.79%
Rentals: Kitchen:					
Halls in Mafube	445,95	472,71	514,26	586,26	8.79%
Frankfort Hall	617,98	655,06	712,64	812,41	8.79%
The Municipal Manager may determine a lower rental for deserving applications on merit.					
i) Other (Vat Excluded)					
Driveways done by Tech Services	1 162,93	1 232,70	1 341,06	1 528,80	8.79%

NB: National Treasury has introduced the new tender publication that the municipality can advertise for free, whereby the suppliers can access the documents there at their own cost, hence the reduction in the sales of bid documents because we won't be spending much on advertising costs like we did previously.

RECOMMENDATIONS

Subsequent to having engaged with Free State Provincial Treasury during the 17 / 18 Draft Budget Bi-Laterals, Treasury recommended that:

- We should make changes on the following items: Service charges, Depreciation and Debt impairment.
- Own-funded capital expenditure be reconsidered;

It is hereby recommended that:

1. The 2017/18 Final Annual Budget as presented be approved with Provincial Treasury's inputs;
2. The 2017/18 Final Tariffs as presented be approved;
3. The 2017/18 Final Budget-related policies be approved;

